



OHIO CREDIT
UNION LEAGUE

December 29, 2017

Amber Gravius
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314

Re: Request for Information Regarding Electronic Loan, Deposit, and Investment Data
Collection

Dear Ms. Gravius:

The Ohio Credit Union League (OCUL) welcomes the opportunity to submit comments concerning the National Credit Union Administration's (NCUA) request for information pertaining to electronic data collection modernization efforts.

As Ohio's 284 credit unions continue to modernize operations, enhance the member-experience, and offer consumer-friendly, non-predatory financial services, Ohio credit unions look to their prudential regulator to assist in creating an efficient and effective operating environment to serve their nearly three million members. Historically, credit unions have been supportive of NCUA's examination modernization efforts. While the average size of an Ohio credit union is \$101 million in assets, assets range from less than \$1 million to nearly \$4 billion. What is feasible for a \$500 million credit union may not be feasible for a \$25 million credit union. The crux of NCUA's proposal is that the intended goal is a part of a solution to combat the burden of frequent examinations in an over-regulated environment. Yet, the goal will result in an increased burden for many credit unions. The proposed depth and breadth of data collection requirements will pose a significant burden for the average Ohio credit union that is already challenged by how best to allocate limited staff and resources.

For brevity and organization, we will address only the electronic data collection modernization questions contained in this request that we believe are most pertinent to Ohio's credit unions.

Question 1: *Are there any example data fields listed in this RFI that cannot be reasonably provided electronically? What other data fields could be provided that NCUA should consider collecting electronically?*

NCUA has proposed collecting 15 critical fields in the share file and 25 critical fields in the loan file, collectively 40 data points. Additionally, "optional" data fields have been identified. OCUL's position is that many of the data fields outlined in the RFI are too broad and are beyond what is needed for a safety and soundness examination. As an example, the following fields would be inapplicable in many situations: draw period, policy exception, number of renewals, sold percentage, dealer reserve balance, and credit disability.

Question 2: *For electronic data, what file formats are available?*

While Microsoft Suite is common in the credit union industry, other popular computer processing options utilized include Google, Linux, Corel, Apple, Quark, Adobe, and others.



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Should there be a limit on software capability as a part of the data collection modernization efforts, this could require significant back-end costs.

If possible, the agency should explore developing a tool or program to transmit data in a standardized, readily-consumable, and readable open source file format rather than force credit unions to rely on vendor-based systems.

Question 3: *If a FICU cannot provide data electronically, to what extent is the limitation due to IT systems?*

The most significant IT limitation for credit unions pertaining to data collection efforts is the impact on personnel. In this current landscape, credit unions' IT personnel spend their time dedicated to routine tasks of their job, such as functionality of websites, mobile-banking capacities, and internal use of IT resources. On top of that, credit unions are focusing a significant amount of IT resources on data breaches, ATM skimming issues, and American with Disabilities Act compliance challenges. From an IT perspective, multiple employees would need to be involved in the proposed electronic data collection efforts which would require a substantial data overhaul, testing, implementation, migration, and quality assurance.

As NCUA considers comments in response to this RFI and continues to strategize the best way to create an electronic data collection system, OCUL suggests that NCUA implement a singular reporting system that could pull the most crucial data from call reports and allow for manual inputs into the database, and if possible, integrate with multiple vendor-issued software programs.

Question 5: *To what extent does the FICU rely on a third party vendor to create and produce raw data downloads?*

Typically, Ohio's credit unions rely on third-party vendors to produce raw data downloads. However, not all credit unions are able to self-customize. Certain vendors provide credit unions with the flexibility to customize. When the option exists, credit unions tend to pay a premium to utilize the self-customization option. This may be of particular concern for the numerous smaller credit unions in Ohio that will find added financial burdens and time demands difficult.

Question 7: *What additional initial and annual costs would you estimate a FICU could incur to generate and provide data electronically in a standard format?*

While compliance costs, vendor costs, and equipment update costs would likely increase immediately and significantly, ideally costs would diminish over time as new systems would become integrated. As NCUA is aware, compliance costs are at an all-time high; any new compliance or data collection costs would exacerbate an already challenging circumstance for many Ohio credit unions.

Question 11: *What implementation strategies and timeline should NCUA consider with this modernization?*

Acknowledging that implementing a technology solution of this magnitude would be a multi-year project, OCUL believes that any new data collection requirements should be phased-in. While credit unions deploy systems, test new software, and make necessary changes during the initial



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rollout, credit unions should not be subject to enforcement actions based on integrating new data requirements.

Question 12: *What specific information security controls or assurances are expected from NCUA to reasonably safeguard the electronic loan, share, and investment data?*

Data security remains of high importance to Ohio credit unions and their members. We believe NCUA understands this and we expect that NCUA will execute the appropriate due diligence, security controls, and other measures to ensure critical data remains secure. Additionally, OCUL would support a standard that holds credit unions harmless for providing information to their regulator as a part of ongoing safety and soundness supervision.

Conclusion

Additionally, credit unions have expressed concerns outside of the 12 enumerated questions posed with the RFI. Specifically, credit unions who are state-chartered but federally-insured are interested in more details as to how their state-regulator may utilize the electronic data.

Overall, OCUL and credit unions remain excited about the prospect of a standard, objective examination experience that minimizes on-site examination time. We believe this idea benefits NCUA as it allows NCUA to better allocate resources and focus efforts in other important arenas, such as the regulatory task force. This also benefits credit unions as they can spend more time focusing on member-services rather than on-site examinations. As NCUA continues the dialogue and planning process for electronic data collection, OCUL looks forward to collaborating with the agency for this mutually beneficial purpose. If you have further questions or would like to discuss OCUL's comments in more detail, please feel free to contact us at 800-486-2917.

Respectfully,

Handwritten signature of Paul L. Mercer in black ink.

Paul L. Mercer
President

Handwritten signature of Miriah Lee in black ink.

Miriah Lee
Manager of Policy Impact



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